

**GREENVILLE  
PUBLIC SCHOOLS  
Ionia, Kent and Montcalm  
Counties, Michigan**

Comprehensive Annual Financial Report

For the year ended June 30, 2008

**GREENVILLE PUBLIC SCHOOLS**  
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For the year ended June 30, 2008

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## **FINANCIAL SECTION**

Hungerford, Aldrin,  
Nichols & Carter, P.C.  

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CPAs AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT**

October 17, 2008

The Board of Education  
Greenville Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Greenville Public Schools (the "District") as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of Greenville Public Schools as of June 30, 2008, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2008 on our consideration of Greenville Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Greenville Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hungerford, Aldrin, Nichols & Carter, P.C.*

Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GREENVILLE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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As management of the Greenville Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

**Overview of the Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
  - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

**District-Wide Statements**

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.



**GREENVILLE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

**Condensed District-Wide Financial Information**

The Statement of Net Assets provides financial information on the District as a whole.

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current assets	\$ 10,839,322	\$ 10,156,811
Net capital assets	<u>44,037,981</u>	<u>44,929,213</u>
<b>Total Assets</b>	<u><b>54,877,303</b></u>	<u><b>55,086,024</b></u>
<b>Liabilities</b>		
Current liabilities	9,890,755	9,410,527
Long-term liabilities	<u>39,281,633</u>	<u>42,562,223</u>
<b>Total Liabilities</b>	<u><b>49,172,388</b></u>	<u><b>51,972,750</b></u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	2,309,811	33,193
Restricted	337,204	384,101
Unrestricted	<u>3,057,900</u>	<u>2,695,980</u>
<b>Total Net Assets</b>	<u><b>\$ 5,704,915</b></u>	<u><b>\$ 3,113,274</b></u>

**GREENVILLE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2008**

The Statement of Activities presents changes in net assets from operating results:

	<b>2008</b>	<b>2007</b>
<b>Program Revenues</b>		
Charges for services	\$ 872,329	\$ 807,287
Operating grants	2,513,583	2,619,893
<b>General Revenues</b>		
Property taxes	8,995,642	8,803,770
State school aid, unrestricted	23,874,991	23,467,682
Interest and investment earnings	258,561	297,731
Other	419,200	250,935
<b>Total Revenues</b>	<b>36,934,306</b>	<b>36,247,298</b>
<b>Expenses</b>		
Instruction	18,815,444	17,495,268
Supporting services	9,956,184	10,560,712
Community services	140,906	156,588
Food service	1,149,042	1,029,842
Athletics	666,453	632,426
Interest on long-term debt	1,783,688	2,288,340
Depreciation – unallocated	1,830,948	1,651,259
<b>Total Expenses</b>	<b>34,342,665</b>	<b>33,814,435</b>
Increase in net assets	2,591,641	2,432,863
<b>Net Assets - Beginning of Year</b>	<b>3,113,274</b>	<b>680,411</b>
<b>Net Assets - End of Year</b>	<b>\$ 5,704,915</b>	<b>\$ 3,113,274</b>

**Financial Analysis of the District as a Whole**

The District's financial position is the product of many factors.

The District's total revenues increased approximately \$687,000 (2 percent) to \$36.93 million. Property taxes and unrestricted state aid accounted for most of the District's revenues, contributing about 89 percent of every dollar raised. Another 7 percent came from state and federal aid for specific programs and the remainder from fees charged for services, interest earnings, donations and miscellaneous sources.

The total cost of all programs and services increased 1.5 percent to \$34.34 million. Instructional and Supporting Service programs account for the vast majority of the increase. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (59 percent). The District's administrative and business activities accounted for 8 percent of total costs. Operation and maintenance expenses accounted for 8 percent of the total costs.

Total revenues surpassed expenses, increasing net assets by \$2,591,641 over last year.

**GREENVILLE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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The District has been able to continue to balance the General Fund budget through a series of reductions and cost savings measures that include:

- Cost containment in health care expenditures.
- A continuing environmental and cost savings program for energy management.
- The current trend to reduce costs will continue. We have also combined and refined positions at the administrative level.

**Fund Financial Statements**

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

**Financial Analysis of the District's Funds**

The District uses funds to record and analyze financial information. Greenville Public School's funds are described as follows:

**Major Funds**

General Fund

The General Fund is the District's primary operating fund. The General Fund had total revenues of \$30,815,733, total other financing sources (transfers in and loan proceeds) of \$325,000, total expenditures of \$30,122,908, and total other financing uses (transfers out) of \$725,425. It ended the fiscal year with a fund balance of \$2,818,501, up from \$2,526,101 as of June 30, 2007.

**GREENVILLE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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Debt Service Fund

The Debt Service Fund had total revenues of \$4,754,170, other financing sources of \$24,124,639 (bond refunding proceeds of \$24,032,960 and transfers in of \$91,649); total expenditures of \$5,216,601, and other financing uses of \$23,792,341 (payments to the bond refunding escrow agent). It ended the year with a fund balance of \$484,007, down from \$614,140 at June 30, 2007.

Building and Site Fund

The Building and Site Fund had interest earnings of \$1,408 and transfers in of \$75,000. Expenditures totaled \$51,948, leaving a fund balance of \$75,000 at June 30, 2008, up from \$50,540 at June 30, 2007.

**Nonmajor Funds**

Special Revenue Funds

The District operates three Special Revenue Funds, for the food service, athletic and book store programs. Total revenues were \$1,269,381 and other financing sources (transfers in) were \$558,746. Total expenditures were \$1,827,748 and other financing uses (transfers out) were \$75,000. The ending fund balances totaled \$127,388, of which \$120,347 is attributable to the Food Service Fund and \$7,041 to the Bookstore Fund.

Fiduciary Funds

The District operates the Scholarship Fund and the Student Activity Fund. The assets of these funds are being held for the benefit of the District's students. Balances on hand at June 30, 2008 totaled \$358,416.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget three times. These budget amendments fall into the following categories:

- Changes made in December to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year. There were significant changes to federal programs and state categorical payments.
- Changes made in April for increases in appropriations for capital outlay expenditures.
- Final changes made in June for to reflect state aid and local property tax changes and to further increase capital outlay expenditures.
- Although the District's final budget for the General Fund anticipated expenditures would exceed revenues by \$21,382, the actual results for the year show a \$292,400 increase in fund balance.
- Actual revenues were \$19,332 lower than budgeted.
- Actual expenditures were \$314,242 below final budgeted amounts, due primarily to lower repair costs and close monitoring of supply accounts and unfilled administrative positions. Salaries and employee benefits account for over 80% of the District's budget.

**GREENVILLE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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**Capital Asset and Debt Administration**

Capital Assets

By the end of 2008, the District had invested \$72.15 million in a broad range of capital assets, including land and land improvements, school buildings, athletic facilities, computer equipment, school buses, and administrative offices. This amount represents an increase of \$939,716 from June 30, 2007, due mainly to computer and copier purchases. More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.

The net book value of District assets at June 30, 2008 are as follows:

Land	\$ 100,000
Land improvements	2,825,145
Buildings and additions	39,039,870
Furniture and equipment	1,432,285
Vehicles	<u>640,681</u>
<b>Net Capital Assets</b>	<b><u>\$ 44,037,981</u></b>

Long-Term Debt

At year end, the District had \$41.3 million in general obligation bonds and other long-term debt outstanding – a decrease of \$3.7 million from last year.

- The District continued to pay down its debt, retiring \$2.4 million of outstanding bonds and \$1.2 million of State School Bond Loan Fund liability.
- The District refunded outstanding 1998 bonds during the year to take advantage of lower interest rates, realizing a present value savings in future interest costs of \$1,160,126.

The District's other obligations include installment purchase agreements and early retirement incentive . We present more detailed information about our long-term liabilities in Note G to the Notes to Basic Financial Statements.

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District effectively negotiated a one-year contract with our teacher (GEA) union and support employee (GESPA) union at the end of the 2008 fiscal year. During this contract we were able to increase salaries at very modest levels (average increase was 2.24%). We were also able to change health insurance plans which did reduce our overall health insurance costs. We hope to successfully negotiate salaries with our teachers and support groups for next year.

**GREENVILLE PUBLIC SCHOOLS**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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- The District has experienced increases in health insurance premium costs. The District has negotiated an increase in the employee paid portion of the premiums. The District must continue to work with all of our employee groups in an attempt to find viable solutions related to health insurance that can provide our employees with acceptable coverage yet lower the District's expenditures.
- Another area of substantial concern is the retirement rate Michigan school districts must pay on employee salaries. Over the past year Districts experienced a slight decrease in this area. With the current financial situation and the changes the legislature made in the calculation of the retirement rate, we expect to see a substantial increase for the 2009-10 year. We must continue to work with our State Legislature to get some reform in the Michigan School Employee Retirement System.
- Enrollment continues to decrease in the District. Low birth rates and constituents leaving the State are the two main reasons for this situation.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Greenville Public Schools, 1414 W. Chase Road, Greenville, Michigan 48838.

## **BASIC FINANCIAL STATEMENTS**

**GREENVILLE PUBLIC SCHOOLS**  
**Statement of Net Assets**  
**June 30, 2008**

	Governmental Activities
<b>Assets</b>	
<b>Current Assets</b>	
Cash equivalents, deposits and investments (Note B)	\$ 5,927,772
Receivables:	
Taxes (Note C)	155,497
Accounts	21,107
Due from other governmental units (Note C)	4,707,265
Inventory (Note A)	9,122
Prepaid expenses	18,559
<b>Total Current Assets</b>	<u>10,839,322</u>
<b>Noncurrent Assets</b>	
Capital assets (Note E)	72,150,401
Less accumulated depreciation	<u>(28,112,420)</u>
<b>Total Noncurrent Assets</b>	<u>44,037,981</u>
<b>Total Assets</b>	<u>54,877,303</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	1,008,792
State aid anticipation loan payable (Note F)	4,200,000
Due to other governmental units	407,406
Accrued interest payable	431,416
Salaries payable	1,366,120
Deferred revenue	41,163
Current portion of long term obligations	2,435,858
<b>Total Current Liabilities</b>	<u>9,890,755</u>
<b>Noncurrent Liabilities (Note A, G)</b>	
General obligation bonds payable	32,690,000
Energy conservation improvement bonds payable	955,000
Durant nonplaintiff bonds payable	276,856
State school bond loan payable	6,746,751
Installment purchase agreements payable	629,744
Unamortized bond premium	419,140
Current portion of long term obligations	<u>(2,435,858)</u>
<b>Total Noncurrent Liabilities</b>	<u>39,281,633</u>
<b>Total Liabilities</b>	<u>49,172,388</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	2,309,811
Restricted for:	
Debt service	262,204
Capital projects	75,000
Unrestricted	<u>3,057,900</u>
<b>Total Net Assets</b>	<u><u>\$ 5,704,915</u></u>

See accompanying notes to basic financial statements.



**GREENVILLE PUBLIC SCHOOLS**  
**Statement of Activities**  
**For the year ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 18,815,444	\$ 284,630	\$ 1,723,104	\$(16,807,710)
Supporting services	9,956,184	111,957	-	(9,844,227)
Community services	140,906	-	-	(140,906)
Food service	1,149,042	368,035	779,947	(1,060)
Athletics	666,453	107,707	-	(558,746)
Interest on long-term debt	1,783,688	-	10,532	(1,773,156)
Depreciation - unallocated	1,830,948	-	-	(1,830,948)
<b>Total Governmental Activities</b>	<b>\$ 34,342,665</b>	<b>\$ 872,329</b>	<b>\$ 2,513,583</b>	<b>(30,956,753)</b>
<b>General Revenues</b>				
Taxes:				
Property taxes, levied for general operations				4,277,892
Property taxes, levied for debt service				4,717,750
State school aid, unrestricted				23,874,991
Interest and investment earnings				258,561
Other				419,200
<b>Total General Revenues</b>				<b>33,548,394</b>
<b>Change in Net Assets</b>				<b>2,591,641</b>
<b>Net Assets - Beginning of Year</b>				<b>3,113,274</b>
<b>Net Assets - End of Year</b>				<b>\$ 5,704,915</b>

See accompanying notes to basic financial statements.

**GREENVILLE PUBLIC SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**

	<u>General</u>	<u>Debt Service</u>	<u>Building and Site</u>
<b>Assets</b>			
Cash equivalents, deposits and investments (Note B)	\$ 5,169,272	\$ 476,492	\$ 75,005
Receivables:			
Taxes (Note C)	112,011	43,486	-
Accounts	21,107	-	-
Due from other funds (Note D)	5	7,318	-
Due from other governmental units (Note C)	4,697,919	1,072	-
Inventory (Note A)	-	-	-
Prepaid expenditures	18,559	-	-
<b>Total Assets</b>	<u><u>\$ 10,018,873</u></u>	<u><u>\$ 528,368</u></u>	<u><u>\$ 75,005</u></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 929,148	\$ 875	\$ -
State aid anticipation loan payable (Note F)	4,200,000	-	-
Due to other funds	7,318	-	5
Due to other governmental units	406,138	-	-
Accrued interest payable	155,448	-	-
Salaries payable	1,360,577	-	-
Deferred revenue	141,743	43,486	-
<b>Total Liabilities</b>	<u>7,200,372</u>	<u>44,361</u>	<u>5</u>
<b>Fund Balances</b>			
Reserved for:			
Debt service	-	484,007	-
Capital outlay	-	-	75,000
Unreserved:			
Designated	222,367	-	-
Undesignated, reported in:			
General fund	2,596,134	-	-
Special revenue funds	-	-	-
<b>Total Fund Balances</b>	<u>2,818,501</u>	<u>484,007</u>	<u>75,000</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 10,018,873</u></u>	<u><u>\$ 528,368</u></u>	<u><u>\$ 75,005</u></u>

See accompanying notes to basic financial statements.

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<u>Nonmajor</u>	<u>Total</u>
\$ 207,003	\$ 5,927,772
-	155,497
-	21,107
-	7,323
8,274	4,707,265
9,122	9,122
-	18,559
<u>\$ 224,399</u>	<u>\$ 10,846,645</u>

\$ 78,769	\$ 1,008,792
-	4,200,000
-	7,323
1,268	407,406
-	155,448
5,543	1,366,120
11,431	196,660
<u>97,011</u>	<u>7,341,749</u>

-	484,007
-	75,000
-	222,367
-	2,596,134
127,388	127,388
<u>127,388</u>	<u>3,504,896</u>
<u>\$ 224,399</u>	<u>\$ 10,846,645</u>

**GREENVILLE PUBLIC SCHOOLS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2008**

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<b>Total governmental fund balances</b>			<b>\$ 3,504,896</b>
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$72,150,401 and accumulated depreciation is \$28,112,420.			
			44,037,981
Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue.			
			(419,140)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
General obligation bonds		\$(32,690,000)	
Energy conservation improvement bonds		(955,000)	
Durant non-plaintiff bonds		(276,856)	
State school bond loan		(6,746,751)	
Installment purchase agreements		(629,744)	(41,298,351)
Accrued interest is not included as a liability in governmental funds.			
			(275,968)
Deferred revenue recognized as revenue in the full accrual statements:			
Property taxes			155,497
<b>Total net assets - governmental activities</b>			<b>\$ 5,704,915</b>

See accompanying notes to basic financial statements.

**GREENVILLE PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2008**

	General	Debt Service	Building and Site
<b>Revenues</b>			
Local sources	\$ 5,217,638	\$ 4,754,170	\$ 1,408
State sources	24,692,976	-	-
Federal sources	731,320	-	-
Interdistrict sources	173,799	-	-
<b>Total Revenues</b>	<u>30,815,733</u>	<u>4,754,170</u>	<u>1,408</u>
<b>Expenditures</b>			
Current:			
Instruction	18,887,191	-	-
Supporting services	10,843,952	-	-
Community services	140,906	-	-
Food service	-	-	-
Athletics	-	-	-
Book store	-	-	-
Capital outlay	-	-	51,948
Debt service:			
Principal repayment	228,529	3,508,617	-
Interest and fiscal charges	22,330	1,472,036	-
Bond issuance costs	-	169,364	-
Underwriter's discount	-	66,584	-
<b>Total Expenditures</b>	<u>30,122,908</u>	<u>5,216,601</u>	<u>51,948</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>692,825</u>	<u>(462,431)</u>	<u>(50,540)</u>
<b>Other Financing Sources (Uses)</b>			
Refunding bonds issued	-	22,960,000	-
Loan proceeds	250,000	-	-
Bond premium	-	1,072,960	-
Transfers in	75,000	91,679	75,000
Payments to escrow agent	-	(23,792,341)	-
Transfers out	(725,425)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(400,425)</u>	<u>332,298</u>	<u>75,000</u>
<b>Net Change in Fund Balances</b>	292,400	(130,133)	24,460
<b>Fund Balances, Beginning of Year</b>	<u>2,526,101</u>	<u>614,140</u>	<u>50,540</u>
<b>Fund Balances, End of Year</b>	<u>\$ 2,818,501</u>	<u>\$ 484,007</u>	<u>\$ 75,000</u>

See accompanying notes to basic financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ 489,434	\$10,462,650
69,188	24,762,164
710,759	1,442,079
-	173,799
<u>1,269,381</u>	<u>36,840,692</u>
-	18,887,191
-	10,843,952
-	140,906
1,149,042	1,149,042
666,453	666,453
12,253	12,253
-	51,948
-	3,737,146
-	1,494,366
-	169,364
-	66,584
<u>1,827,748</u>	<u>37,219,205</u>
<u>(558,367)</u>	<u>(378,513)</u>
-	22,960,000
-	250,000
-	1,072,960
558,746	800,425
-	(23,792,341)
<u>(75,000)</u>	<u>(800,425)</u>
<u>483,746</u>	<u>490,619</u>
(74,621)	112,106
<u>202,009</u>	<u>3,392,790</u>
<u>\$ 127,388</u>	<u>\$ 3,504,896</u>

**GREENVILLE PUBLIC SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2008**

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**Net change in fund balances - total governmental funds** \$112,106

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$ 939,716	
Depreciation expense	<u>(1,830,948)</u>	(891,232)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. 83,083

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (23,544,745)

Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue. (419,140)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of general obligation bonds	26,893,617	
Repayment of installment purchase agreements	<u>228,529</u>	27,122,146

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. 45,423

In the Statement of Net Assets, early retirement incentive is measured by the amount earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits paid/used (\$84,000) exceeded the amounts earned (\$-). 84,000

**Total changes in net assets - governmental activities** \$2,591,641

See accompanying notes to basic financial statements.

**GREENVILLE PUBLIC SCHOOLS**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 5,051,142	\$ 5,136,184	\$ 5,217,638	\$ 81,454
State sources	24,220,966	24,744,020	24,692,976	(51,044)
Federal sources	728,892	780,858	731,320	(49,538)
Interdistrict sources	192,000	174,003	173,799	(204)
<b>Total Revenues</b>	<b>30,193,000</b>	<b>30,835,065</b>	<b>30,815,733</b>	<b>(19,332)</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	14,061,436	14,930,662	14,871,882	58,780
Added needs	3,902,955	3,997,484	4,015,309	(17,825)
Supporting services:				
Pupil services	1,776,546	1,861,363	1,822,573	38,790
Instructional staff services	1,307,388	1,244,289	1,138,152	106,137
General administrative services	387,921	412,233	383,444	28,789
School administrative services	1,678,716	1,746,126	1,741,422	4,704
Business services	500,267	652,177	649,339	2,838
Operation and maintenance services	2,918,504	2,980,925	2,887,589	93,336
Pupil transportation services	1,138,424	1,281,579	1,300,719	(19,140)
Central services	859,445	871,361	845,566	25,795
Other supporting services	76,807	79,522	75,148	4,374
Community services	166,146	150,899	140,906	9,993
Debt service:				
Principal repayment	240,000	228,530	228,529	1
Interest and fiscal charges	-	-	22,330	(22,330)
Interdistrict	400,429	-	-	-
<b>Total Expenditures</b>	<b>29,414,984</b>	<b>30,437,150</b>	<b>30,122,908</b>	<b>314,242</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>778,016</b>	<b>397,915</b>	<b>692,825</b>	<b>294,910</b>
<b>Other Financing Sources (Uses)</b>				
Loan proceeds	-	250,000	250,000	-
Transfers in	80,000	75,000	75,000	-
Transfers out	(642,000)	(744,297)	(725,425)	18,872
<b>Total Other Financing Sources (Uses)</b>	<b>(562,000)</b>	<b>(419,297)</b>	<b>(400,425)</b>	<b>18,872</b>
<b>Net Change in Fund Balances</b>	<b>216,016</b>	<b>(21,382)</b>	<b>292,400</b>	<b>313,782</b>
<b>Fund Balances, July 1</b>	<b>2,526,101</b>	<b>2,526,101</b>	<b>2,526,101</b>	<b>-</b>
<b>Fund Balances, June 30</b>	<b>\$ 2,742,117</b>	<b>\$ 2,504,719</b>	<b>\$ 2,818,501</b>	<b>\$ 313,782</b>

See accompanying notes to basic financial statements.



**GREENVILLE PUBLIC SCHOOLS**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2008**

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	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash equivalents, deposits and investments (Note B)	<u>\$ 48,848</u>	<u>\$ 309,568</u>
<b>Liabilities</b>		
Due to student groups	<u>-</u>	<u>\$ 309,568</u>
<b>Net Assets</b>		
Held in trust for: Individuals and organizations	<u>\$ 48,848</u>	

See accompanying notes to basic financial statements.

**GREENVILLE PUBLIC SCHOOLS**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the year ended June 30, 2008**

	Private Purpose Trust Fund
<b>Additions</b>	
Interest earnings	\$ 1,821
Donations	5,240
<b>Total Additions</b>	<u>7,061</u>
<b>Deductions</b>	
Endowment activities - scholarships	<u>7,000</u>
<b>Change In Net Assets</b>	61
<b>Net Assets, Beginning of Year</b>	<u>48,787</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 48,848</u></u>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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## **Note A – Summary of Significant Accounting Policies**

Greenville Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 3,868 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services, and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Greenville Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

### **1. Reporting Entity**

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

### **2. District-Wide and Fund Financial Statements**

**District-Wide Financial Statements** - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund, Debt Service Fund and the Building and Site Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

**Fund Financial Statements** – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

### **3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

#### **Governmental Funds**

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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*General Fund*—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

*Special Revenue Funds*—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

*School Service Funds*—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service, Athletics, and Book Store Funds.

*Debt Service Funds*—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

*Capital Projects Funds*—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

### **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus. The District presently maintains a scholarship fund for the benefit of students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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#### **4. Budgets and Budgetary Accounting**

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Greenville Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Greenville Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Assistant Superintendent for Business to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

#### **5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

#### **6. Investments**

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**7. Inventory**

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of custodial and maintenance supplies. Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

**8. Capital Assets**

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year, and exceeding a cost of \$2,500, are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and additions, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and additions	40-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

**9. Long-Term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**10. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.



**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**11. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

**12. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note B – Cash and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- United States or federal obligation repurchase agreements.
- Banker's acceptances of United States Banks.
- Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- Surplus funds investment pools authorized by the Surplus Funds Investment Pool Act.

Balances at June 30, 2008 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Assets:	
Governmental activities	\$ 5,927,772
Fiduciary Funds:	
Trust and Agency Funds	<u>358,416</u>
	<u>\$ 6,286,188</u>

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Cash Equivalents and Deposits**

Depositories actively used by the District during the year are detailed as follows:

1. Fifth Third Bank
2. Huntington National Bank
3. Chase J.P. Morgan Bank, N.A.

Cash equivalents consist of bank public funds checking and savings accounts. Deposits consist of certificates of deposit.

June 30, 2008 balances are detailed as follows:

Cash equivalents	\$ 253,383
Deposits	<u>—</u>
	<u>\$ 253,383</u>

*Custodial Credit Risk Related to Deposits*

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$253,383, and the bank balance was \$1,245,263. Of the bank balance, \$101,906 was covered by federal depository insurance and \$1,143,357 was uninsured.

**Investments**

As of June 30, 2008 the District had the following investments:

	<u><b>Fair Value</b></u>
Investment Pool Accounts:	
MBIA Public Funds Accounts	<u>\$ 6,032,805</u>

The MBIA Public Funds Accounts are external pooled investment funds that include qualified investments in accordance with the applicable sections of the School Code. MBIA is not regulated or registered with the Securities Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2008. The MBIA Fund is rated AAA.

*Custodial Credit Risk Related to Investments*

The District minimizes custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities allowed by State statute, and pre-qualifying the financial institution, broker/dealers, intermediaries and advisors with which the District will do business. At June 30, 2008 the District had no investments that were subject to custodial credit risk.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk, but minimizes its credit risk by limiting investments to the types allowed by the State.

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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*Interest Rate Risk*

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

*Concentration of Credit Risk*

The District minimizes concentration of credit risk which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy does not limit the amount that may be invested in any one issuer. Excluding U.S. Government guaranteed investments, and mutual fund and pooled investments, no single investment exceeded 5% of total investments at June 30, 2008

*Foreign Currency Risk*

The District is not authorized to invest in investments which have this type of risk.

**Note C – State School Aid/Property Taxes**

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2007 ad valorem State Education Taxes generated within the Greenville Public School District, and paid to the State of Michigan, totaled \$3,938,797.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2007 and September, 2007. The 2007-08 "Foundation Allowance" for Greenville Public Schools was \$7,204 for 3,857 "Full Time Equivalent" students, generating \$24,783,858 in state aid payments to the District of which \$4,482,710 was paid to the District in July and August, 2008 and is included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund at June 30, 2008.

Property taxes for the District are levied July 1 and December 1 (the tax lien dates) under a split-levy system by the City of Greenville, and December 1 by the Townships of Otisco, Oakfield, Spencer, Eureka, Fairplains, Montcalm and Sidney, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The Counties of Ionia, Kent and Montcalm, through their Delinquent Tax Revolving Funds, advances all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

<b>Year</b>	<b>General</b>	<b>Debt Service</b>	<b>Total</b>
2007	\$ 73,820	\$ 28,867	\$ 102,687
2006	32,296	11,987	44,283
2005	5,895	2,632	8,527
	<u>\$ 112,011</u>	<u>\$ 43,486</u>	<u>\$ 155,497</u>

Taxes uncollected after three years from the date of levy, unless material in amount, are written off the books of the District.

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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Section 1211(1) of 1993 PA 32 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, which ever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

District electors previously (June, 2005) approved a ten year operating millage extension for the 18 mill non-homestead property tax. Only 17.9 mills were levied in 2007 due to reductions caused by the Headlee Amendment.

The District levied 7.0 mills for debt service purposes in 2007, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A, taxable property is now divided into two categories: homestead and non-homestead.

Homestead property is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage", nor any additional voted millage for the retirement of debt.

Non-homestead property is considered to be all property not qualifying for a homestead exemption, which includes all commercial and industrial property. Non-homestead property is subject to all District levies.

#### **Note D – Interfund Receivables/Payables and Transfers**

The \$7,318 due from the General Fund to the Debt Service Fund is to correct property tax allocations. The \$5 due from the Building and Site Fund to the General Fund is for an expenditure reimbursement.

Transfers between funds during the year ended June 30, 2008 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Special Revenue Funds:		
Food Service Fund	\$ 75,000	\$ —
Athletics Fund	—	558,746
Debt Service Fund	—	91,679
Capital Projects Fund:		
Building and Site Fund	—	75,000
	<u>75,000</u>	<u>725,425</u>
Special Revenue Funds:		
Food Service:		
General Fund	—	75,000
Athletics Fund:		
General Fund	558,746	—

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

	<u>Transfers In</u>	<u>Transfers Out</u>
Debt Service Fund:		
General Fund	\$ 91,679	\$ —
Capital Projects Fund:		
Building and Site Fund		
General Fund	75,000	—
<b>Total All Funds</b>	<u>\$ 800,425</u>	<u>\$ 800,425</u>

The General Fund transfer to the Athletics Fund was made to pay the General Fund's share of support for the athletic program for the fiscal year, and the Food Service Fund transfer was made to pay indirect costs. The General Fund transfer to the Debt Service Fund was made to fund the Energy Conservation Bond requirements.

**Note E – Capital Assets**

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balances July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2008</u>
Capital assets, not being depreciated:				
Land	\$ 100,000	\$ —	\$ —	\$ 100,000
Capital assets, being depreciated:				
Land improvements	4,357,146	—	—	4,357,146
Buildings and additions	60,974,685	—	—	60,974,685
Furniture and equipment	3,991,497	918,793	—	4,910,290
Vehicles	1,787,357	20,923	—	1,808,280
 Totals at historical cost	<u>71,210,685</u>	<u>\$ 939,716</u>	<u>\$ —</u>	<u>72,150,401</u>
 Less accumulated depreciation for:				
Land improvements	1,313,144	\$ 218,857	\$ —	1,532,001
Buildings and additions	20,698,667	1,236,148	—	21,934,815
Furniture and equipment	3,255,569	222,436	—	3,478,005
Vehicles	1,014,092	153,507	—	1,167,599
 Total accumulated depreciation	<u>26,281,472</u>	<u>\$ 1,830,948</u>	<u>\$ —</u>	<u>28,112,420</u>
 <b>Net Capital Assets</b>	<u>\$ 44,929,213</u>			<u>\$ 44,037,981</u>

The District considers all capital assets to be multi-use and, as such, does not allocate depreciation expense to the various expense functions.

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note F – Short-term Debt**

The \$3,800,000 August 18, 2006 state aid anticipation loan was repaid on August 20, 2007. On August 20, 2007, the District borrowed \$4,200,000 in anticipation of state aid (interest at 3.68%), due in full on August 20, 2008. Total interest expense on the loans was \$153,145 for the fiscal year.

**Note G – Long-term Debt**

Amounts available and to be provided for outstanding long-term debt at June 30, 2008 are summarized as follows:

	<b>Bond Issues</b>	<b>State School Bond Loan</b>	<b>Installment Purchase Agreements</b>	<b>Early Retirement Incentive</b>	<b>Total</b>
<b>Amounts Available For Retirement Of Long-Term Debt</b>					
Debt Service Funds	\$ 484,007	\$ —	\$ —	\$ —	\$ 484,007
<b>Amounts To Be Provided For Retirement Of Long-Term Debt</b>					
State of Michigan	276,856	—	—	—	276,856
General Fund	955,000	—	629,744	—	1,584,744
Debt Service Funds	32,205,993	6,746,751	—	—	38,952,744
<b>Total Amounts Available And To Be Provided</b>	<b>\$ 33,921,856</b>	<b>\$ 6,746,751</b>	<b>\$ 629,744</b>	<b>\$ —</b>	<b>\$ 41,298,351</b>

Changes in long-term debt for the year ended June 30, 2008 are summarized as follows:

	<b>Debt Outstanding July 1, 2007</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2008</b>
General obligation bonds:				
June 15, 1998	\$ 24,910,000	\$ —	\$ 24,910,000	\$ —
October 26, 1999	960,000	—	460,000	500,000
March 1, 2001	9,510,000	—	50,000	9,460,000
February 4, 2008	—	22,960,000	230,000	22,730,000
Energy conservation improvement bonds:				
May 8, 2006	1,005,000	—	50,000	955,000
Durant nonplaintiff bonds:				
November 13, 1998	276,856	—	—	276,856
State school bond loan	7,605,623	334,745	1,193,617	6,746,751
Installment purchase agreements	608,273	250,000	228,529	629,744
Early retirement incentive	84,000	—	84,000	—
	<b>\$ 44,959,752</b>	<b>\$ 23,544,745</b>	<b>\$ 27,206,146</b>	<b>\$ 41,298,351</b>

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

Long-term bonds and notes outstanding at June 30, 2008 are comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>				
\$4,435,000 1999 Building and Site: Annual maturity of \$500M	May 1, 2009	6.375	\$ 500,000	\$ 500,000
\$9,955,000 2001 Refunding: Annual maturities of \$50M to \$600M	May 1, 2025	4.10 - 5.25	9,460,000	50,000
\$22,960,000 2008 Refunding: Annual maturities of \$1,300M to \$1,575M	May 1, 2024	3.75 - 5.00	22,730,000	1,575,000
<b>Energy Conservation Improvement Bonds</b>				
\$1,055,000 2006 Improvement: Annual maturities of \$55M to \$95M	May 1, 2021	4.00 - 4.375	955,000	55,000
<b>Durant Non-plaintiff Bonds</b>				
\$468,878 1998 School Improvement: Annual maturities of \$26,095 to \$164,788	May 15, 2013	4.761353	276,856	26,095
<b>Installment Purchase Agreements</b>				
\$668,240 2005 School Buses: Annual maturities of \$133,000	July 15, 2009	3.11	266,000	133,000
\$330,244 2005 Computers: Annual maturity of \$82,500	July 15, 2008	3.36	82,500	82,500
\$66,178 2005 Risograph: Annual maturities of \$1,366 to \$15,615	Aug. 21, 2010	7.75	31,244	14,263
\$250,000 Computers: Annual maturities of \$121,992 to \$128,008	July 1, 2010	4.18	250,000	—
			<b>\$34,551,600</b>	<b>\$ 2,435,858</b>

The District is required to obtain loans from the Michigan School Bond Loan Fund (the “Fund”) for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year, \$334,745 of accrued interest was added to the District’s liability to the Fund and \$1,193,617 of principal payments were made to the Fund. At June 30, 2008, the District owed the Fund a total of \$6,746,751.

The annual requirements to pay principal and interest on long-term bonds and notes outstanding are as follows:

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 2,435,858	\$ 1,582,827	\$ 4,018,685
2010	2,462,943	1,489,506	3,952,449
2011	2,298,012	1,388,882	3,686,894
2012	2,164,999	1,298,706	3,463,705
2013	2,274,788	1,264,252	3,539,040

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 2,125,000	\$ 1,116,291	\$ 3,241,291
2015	2,095,000	1,023,818	3,118,818
2016	2,080,000	932,546	3,012,546
2017	2,075,000	827,771	2,902,771
2018	2,065,000	724,781	2,789,781
2019	2,050,000	622,062	2,672,062
2020	2,045,000	520,093	2,565,093
2021	2,035,000	418,406	2,453,406
2022	1,930,000	317,250	2,247,250
2023	1,915,000	220,750	2,135,750
2024	1,900,000	125,000	2,025,000
2025	600,000	30,000	630,000
	<u>\$34,551,600</u>	<u>\$13,902,941</u>	<u>\$48,454,541</u>

On March 1, 2001, the District issued \$9,955,000 in general obligation bonds to advance refund outstanding 1995 general obligation bonds. The net proceeds were deposited with an escrow agent and used to purchase United States government securities. Under the terms of the agreement these securities, together with the interest earned to maturity, will be sufficient to pay principal and interest as it becomes due. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt. These funds are not commingled with other funds and cannot be redeemed prior to maturity. Any excess funds will be returned to the District upon final payment of principal and interest (Scheduled to be May 1, 2009). This defeasance procedure allows the District to remove the related assets and liabilities from its financial statements, which it has done. The assets, now held by the escrow agent to be used for the remaining principal and interest due of \$9,657,000 on the defeased debt at June 30, 2008 are detailed in the following schedule:

	<u><b>Cost</b></u>	<u><b>Market Value</b></u>	<u><b>Par Value</b></u>
U.S. Government Securities	<u>\$ 9,283,593</u>	<u>\$ 9,283,593</u>	<u>\$ 9,283,593</u>

On December 12, 2007, the District issued \$22,960,000 in general obligation bonds to advance refund \$23,385,000 of outstanding 1998 general obligation bonds with an average interest rate of 5.12%. This advance refunding was undertaken to reduce total debt service payments over 16 years by \$988,951. The average interest rate of the refunding bond issue was 4.758170% resulting in a total net present value savings of \$1,160,126 or 4.961%. The net proceeds of \$23,792,340 after original issue premium of \$1,072,960, underwriter's discount of \$66,584 and bond issuance costs of \$174,036 were deposited with the escrow agent and used to purchase United States Treasury Securities. Under the terms of the agreement these securities, together with the interest earned to maturity, will be sufficient to pay principal and interest as it becomes due. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt. These funds are not commingled with other funds and cannot be redeemed prior to maturity. Any excess funds will be returned to the District upon final payment of principal and interest (Scheduled to be May 1, 2008). This defeasance procedure allows the District to remove the related assets and liability from its financial statement, which it has done. The bonds have been paid in full by the escrow agent at June 30, 2008.



**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note H – Retirement Plan**

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2008 was \$17,339,311. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan-Fixed (MIP-Fixed). Effective January 1, 1990, all new employees are automatically enrolled in the MIP-Graded Plan. Participants in the MIP-Fixed or MIP-Graded Plans receive benefits in addition to those available under the Basic Plan. The contribution rate for MIP-Fixed participants is 3.9% of salary. The contribution rate for MIP-Graded participants is a graduated rate based on total wages: calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. All MIP members may retire at age 46 with 30 years of service; at age 60 with 5 years of service; at age 55 with 15 years of service (with stipulations); at age 60 with 10 years of service (with stipulations); or at age 60 with 5 years of service (with stipulations). Benefits are based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPERS plan. The contribution rate was 17.74% for the fiscal year ending September 30, 2007 and 16.72% for the fiscal year beginning October 1, 2007. The District's contributions to the plan for the fiscal years ended June 30, 2008, 2007 and 2006 were \$2,914,395, \$3,003,656 and \$2,720,110, respectively.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPERS uses the aggregate actuarial cost method, and does not make separate measurements of assets and actuarial accrued liability for individual school districts. The actuarial accrued liability at September 30, 2006 (the latest reporting date available expressed as \$ in millions) for retirement benefits for the MPERS as a whole, determined through an actuarial valuation performed as of that date, was \$49,136. Net assets available for retirement benefits on that date were \$42,995 leaving an unfunded actuarial accrued liability of \$6,141. The total unfunded actuarial accrued liability decreased by \$3,102 from September 30, 2005 to September 30, 2006. At September 30, 2006 the funded ratio of actuarial accrued liability was 87.5%; covered payroll totaled \$9,806, and unfunded actuarial accrued liability was 62.6% of covered payroll.

**GREENVILLE PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS as discussed above. At September 30, 2006, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole (expressed as \$ in millions) was \$25,387. The MPSERS net assets available for these benefits were \$630 leaving an unfunded actuarial accrued liability of \$24,757. This is the first year that the State is reporting this liability, which is now required to be disclosed in compliance with Governmental Accounting Standards Board (GASB) Statement No. 43. At September 30, 2006 the funded ratio of actuarial liability was 2.5%; covered payroll totaled \$9,806, and unfunded actuarial liability was 252.5% of covered payroll.

Ten year historical trend information showing the MPSERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2007 Annual Report of the MPSERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

### **Note I – Risk Management and Benefits**

The District is a member of the SET-SEG Incorporated Insurance Pooled Fund (the Fund). Premiums from participants in the Fund provide coverage to pay claims, administrative expenses and to purchase reinsurance to protect the Fund and members against large losses. As of June 30, 2008, there were no material pending claims against the District. The District paid \$93,570 in premiums to the Fund for the year ended June 30, 2008.

The District is also a member of the SET-SEG Incorporated Workers' Compensation Pooled Fund (the Fund). Premiums from participants in the Fund provide coverage to pay claims, administrative expenses and to purchase reinsurance to protect the Fund and members against large losses. As of June 30, 2008, there were no material pending claims against the District. The District paid \$63,112 in premiums to the Fund for the year ended June 30, 2008.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **Note J – Stewardship, Compliance and Accountability**

The following District fund had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2008, as follows:

	<b>Budget</b>	<b>Actual</b>	<b>Unfavorable Variance</b>
<b>General Fund</b>			
Instruction:			
Added needs	\$ 3,997,484	\$ 4,015,309	\$ 17,825
Supporting services:			
Transportation	1,281,579	1,300,719	19,140
Interest and fiscal charges	—	22,330	22,330
Food Service Special Revenue Fund	1,063,759	1,149,042	85,283

## **SUPPLEMENTAL INFORMATION**

## **GENERAL FUND**

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

**GREENVILLE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 5,169,272	\$ 4,597,824
Receivables:		
Taxes	112,011	51,870
Accounts	21,107	47,561
Due from other funds	5	-
Due from other governmental units	4,697,919	4,507,624
Prepaid expenditures	<u>18,559</u>	<u>9,939</u>
<b>Total Assets</b>	<u><u>\$ 10,018,873</u></u>	<u><u>\$ 9,214,818</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 929,148	\$ 902,369
State aid anticipation loan payable	4,200,000	3,800,000
Due to other funds	7,318	-
Due to other governmental units	406,138	422,018
Accrued interest payable	155,448	140,617
Salaries payable	1,360,577	1,369,947
Deferred revenue	<u>141,743</u>	<u>53,766</u>
<b>Total Liabilities</b>	<u>7,200,372</u>	<u>6,688,717</u>
<b>Fund Balances</b>		
Unreserved:		
Designated	222,367	222,367
Undesignated	<u>2,596,134</u>	<u>2,303,734</u>
<b>Total Fund Balances</b>	<u>2,818,501</u>	<u>2,526,101</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 10,018,873</u></u>	<u><u>\$ 9,214,818</u></u>

**GREENVILLE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2008 and 2007**

	2008	2007
Local sources:		
Property taxes:		
Current property taxes	\$ 4,186,269	\$ 4,143,664
Delinquent property taxes	13,679	59,225
Other taxes	14,647	80,118
Interest on delinquent taxes	3,156	1,855
	<u>4,217,751</u>	<u>4,284,862</u>
Interest earnings:		
Interest on deposits and investments	197,792	206,727
Other local revenue:		
Preschool fees	113,051	72,105
Childcare fees	131,116	146,168
Medicaid payments	271,624	132,796
Theater ticket sales	9,625	5,642
Donations	146,641	66,412
Rental of school property	68,835	69,835
Universal service fund	29,726	26,011
Refunds of expenditures	1,164	20,990
Miscellaneous	30,313	26,339
	<u>802,095</u>	<u>566,298</u>
Total local sources	5,217,638	5,057,887
State sources:		
State aid	24,692,976	24,249,419
Federal sources:		
Title I	536,618	509,079
Title V	-	782
Drug free schools	10,297	10,336
Career forward	1,000	-
I.D.E.A. program	18,677	10,913
Title IIA - Improving teacher quality	155,861	192,197
Title IID - Technology literacy grant	4,960	5,281
Summer food program	3,907	3,269
Total federal sources	<u>731,320</u>	<u>731,857</u>
Interdistrict sources:		
Special education - county	75,797	192,053
Special education - local districts	98,002	130,031
Total interdistrict sources	<u>173,799</u>	<u>322,084</u>
<b>Total Revenues</b>	<u><u>\$ 30,815,733</u></u>	<u><u>\$ 30,361,247</u></u>

**GREENVILLE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2008 and 2007**

	2008	2007
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 3,955,870	\$ 3,916,449
Employee benefits	1,898,554	1,878,996
Purchased services	172,222	31,350
Supplies	265,136	95,375
Capital outlay	478,272	11,271
Miscellaneous	7,676	4,661
	<u>6,777,730</u>	<u>5,938,102</u>
Middle school:		
Salaries	2,155,604	2,117,896
Employee benefits	1,056,543	1,084,642
Purchased services	79,182	20,706
Supplies	52,344	109,600
Capital outlay	71,581	32,371
Miscellaneous	4,974	4,417
	<u>3,420,228</u>	<u>3,369,632</u>
High school:		
Salaries	2,658,271	2,655,621
Employee benefits	1,354,304	1,317,346
Purchased services	165,589	57,618
Supplies	114,800	192,544
Capital outlay	99,729	36,759
Miscellaneous	8,035	7,604
	<u>4,400,728</u>	<u>4,267,492</u>
Preschool:		
Salaries	167,989	135,780
Employee benefits	62,476	51,269
Purchased services	2,706	762
Supplies	5,996	5,703
Miscellaneous	5,416	1,435
Payments to other districts	2,630	-
	<u>247,213</u>	<u>194,949</u>
Summer school:		
Salaries	19,663	42,575
Employee benefits	4,837	10,473
Purchased services	1,440	1,000
Supplies	43	2,037
	<u>25,983</u>	<u>56,085</u>
Total basic programs	14,871,882	13,826,260
Added needs:		
Special education:		
Salaries	1,671,322	1,680,369
Employee benefits	831,829	814,126
Purchased services	74,928	246
Supplies	19,915	10,475
Payments to other districts	7,409	14,874
	<u>2,605,403</u>	<u>2,520,090</u>

(Continued)

**GREENVILLE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2008 and 2007**

	2008	2007
Compensatory education:		
Salaries	\$ 561,239	\$ 552,723
Employee benefits	318,401	273,725
Purchased services	1,593	276
Supplies	17,844	357
Payments to other districts	17,640	67,888
	<u>916,717</u>	<u>894,969</u>
Vocational education:		
Salaries	333,540	326,921
Employee benefits	146,728	151,168
Purchased services	5,657	-
Supplies	7,264	6,952
	<u>493,189</u>	<u>485,041</u>
Total added needs	4,015,309	3,900,100
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	502,358	494,770
Employee benefits	254,171	237,819
Supplies	10,495	12,547
	<u>767,024</u>	<u>745,136</u>
Physical therapist services:		
Salaries	-	105
Employee benefits	-	27
Purchased services	28,468	19,399
Supplies	2,279	15,712
	<u>30,747</u>	<u>35,243</u>
Psychological services:		
Salaries	73,065	71,994
Employee benefits	34,540	31,248
Purchased services	721	774
Supplies	2,101	1,830
	<u>110,427</u>	<u>105,846</u>
Speech pathology services:		
Salaries	264,394	245,426
Employee benefits	125,128	122,404
Purchased services	539	11,500
Supplies	1,669	1,984
	<u>391,730</u>	<u>381,314</u>
Social worker services:		
Salaries	313,244	304,305
Employee benefits	137,731	136,033
Purchased services	506	6,555
Supplies	1,022	1,104
	<u>452,503</u>	<u>447,997</u>

(Continued)



**GREENVILLE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2008 and 2007**

	2008	2007
Teacher consultant services:		
Salaries	\$ 26,074	\$ 26,947
Employee benefits	12,471	12,239
Purchased services	333	313
Supplies	327	158
	<u>39,205</u>	<u>39,657</u>
Career forward:		
Salaries	22,483	-
Employee benefits	7,457	-
Supplies	997	-
	<u>30,937</u>	<u>-</u>
Total pupil services	1,822,573	1,755,193
Instructional staff services:		
Improvement of instruction:		
Salaries	25,128	35,342
Employee benefits	4,531	6,555
Purchased services	107,491	42,491
Supplies	17,287	5,293
	<u>154,437</u>	<u>89,681</u>
Educational media services:		
Salaries	181,526	187,038
Employee benefits	91,168	109,743
Purchased services	30,830	28,846
Supplies	55,400	39,871
Miscellaneous	11,903	13,146
	<u>370,827</u>	<u>378,644</u>
Technology assisted instruction:		
Salaries	121,570	122,024
Employee benefits	87,881	81,635
	<u>209,451</u>	<u>203,659</u>
Supervision and direction of instruction:		
Salaries	215,843	312,724
Employee benefits	98,714	152,168
Purchased services	350	2,075
Supplies	2,759	3,006
Miscellaneous	1,778	472
	<u>319,444</u>	<u>470,445</u>
Supervision and direction of instruction:		
Salaries	52,711	48,487
Employee benefits	28,287	26,466
Purchased services	1,000	4,000
Capital outlay	1,995	3,659
	<u>83,993</u>	<u>82,612</u>
Total instructional staff services	1,138,152	1,225,041
General administrative services:		
Board of education:		
Purchased services	71,344	101,842
Miscellaneous	16,807	13,951
	<u>88,151</u>	<u>115,793</u>

(Continued)

**GREENVILLE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2008 and 2007**

	2008	2007
Executive administration:		
Salaries	\$ 179,939	\$ 172,793
Employee benefits	70,616	71,434
Purchased services	38,932	32,790
Supplies	2,904	4,844
Miscellaneous	2,902	2,796
	<u>295,293</u>	<u>284,657</u>
Total general administrative services	383,444	400,450
School administrative services:		
Office of the principal:		
Salaries	1,176,987	1,113,994
Employee benefits	519,056	493,986
Purchased services	20,750	24,760
Supplies	6,691	4,035
Miscellaneous	11,485	8,753
	<u>1,734,969</u>	<u>1,645,528</u>
Other school administration:		
Supplies	6,453	5,348
Total school administrative services	<u>1,741,422</u>	<u>1,650,876</u>
Business services:		
Fiscal services:		
Salaries	220,235	220,328
Employee benefits	89,159	99,135
Purchased services	9,422	9,382
Supplies	5,114	5,686
Miscellaneous	1,959	1,482
	<u>325,889</u>	<u>336,013</u>
Internal services:		
Salaries	49,958	51,927
Employee benefits	23,798	26,570
	<u>73,756</u>	<u>78,497</u>
Other business services:		
Purchased services	7,630	21,693
Miscellaneous	242,064	229,061
	<u>249,694</u>	<u>250,754</u>
Total business services	<u>649,339</u>	<u>665,264</u>
Operation and maintenance services:		
Operation and maintenance:		
Salaries	919,166	919,855
Employee benefits	497,019	552,991
Purchased services	501,303	469,815
Supplies	924,968	911,846
Capital outlay	40,702	22,178
Miscellaneous	3,431	4,052
	<u>2,886,589</u>	<u>2,880,737</u>

(Continued)

**GREENVILLE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2008 and 2007**

	2008	2007
Security services:		
Purchased services	\$ 1,000	\$ -
Total operation and maintenance services	2,887,589	2,880,737
Pupil transportation services:		
Pupil transportation:		
Salaries	522,882	510,072
Employee benefits	372,556	336,877
Purchased services	14,054	29,705
Supplies	235,321	175,507
Capital outlay	950	3,127
Miscellaneous	1,164	1,897
Payments to other districts	153,792	152,298
Total pupil transportation services	1,300,719	1,209,483
Central services:		
Staff services:		
Salaries	63,997	63,427
Employee benefits	32,829	31,954
Purchased services	27,283	851
Supplies	285	710
Miscellaneous	1,513	235
	125,907	97,177
Technology services:		
Salaries	143,421	350,176
Employee benefits	75,871	122,411
Purchased services	99,416	85,566
Supplies	158,268	166,548
Capital outlay	242,683	51,154
Miscellaneous	-	204
	719,659	776,059
Total central services	845,566	873,236
Other supporting services:		
Other supporting services:		
Salaries	45,760	44,255
Employee benefits	11,501	10,882
Purchased services	1,952	3,101
Supplies	13,761	11,688
Miscellaneous	2,174	1,023
Total other supporting services	75,148	70,949
Community services:		
Custody and care of children:		
Salaries	92,326	101,958
Employee benefits	33,850	41,902
Purchased services	754	419
Supplies	13,186	12,001
Capital outlay	395	308
	140,511	156,588

(Continued)

**GREENVILLE PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Non-public school pupils:		
Supplies	\$ 395	\$ -
Total community services	140,906	156,588
Debt service:		
Principal repayment	228,529	345,794
Interest and fiscal charges	22,330	41,941
Total debt service	250,859	387,735
Interdistrict:		
Other	-	2,335
Total interdistrict	-	2,335
<b>Total Expenditures</b>	<b><u><u>\$ 30,122,908</u></u></b>	<b><u><u>\$ 29,004,247</u></u></b>

## **NONMAJOR GOVERNMENTAL FUNDS**

**GREENVILLE PUBLIC SCHOOLS**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2008**

	Special Revenue			Total
	Food Service	Athletics	Book Store	
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 173,350	\$ 26,612	\$ 7,041	\$ 207,003
Due from other governmental units	8,274	-	-	8,274
Inventory	9,122	-	-	9,122
<b>Total Assets</b>	<u>\$ 190,746</u>	<u>\$ 26,612</u>	<u>\$ 7,041</u>	<u>\$ 224,399</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 54,491	\$ 24,278	\$ -	\$ 78,769
Due to other governmental units	877	391	-	1,268
Salaries payable	3,600	1,943	-	5,543
Deferred revenue	11,431	-	-	11,431
<b>Total Liabilities</b>	<u>70,399</u>	<u>26,612</u>	<u>-</u>	<u>97,011</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated	<u>120,347</u>	<u>-</u>	<u>7,041</u>	<u>127,388</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 190,746</u>	<u>\$ 26,612</u>	<u>\$ 7,041</u>	<u>\$ 224,399</u>

**GREENVILLE PUBLIC SCHOOLS**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2008**

	Special Revenue			
	Food Service	Athletics	Book Store	Total
<b>Revenues</b>				
Local sources:				
Sales and admissions	\$ 368,035	\$ 107,707	\$ 13,692	\$ 489,434
State sources	69,188	-	-	69,188
Federal sources	710,759	-	-	710,759
<b>Total Revenues</b>	<u>1,147,982</u>	<u>107,707</u>	<u>13,692</u>	<u>1,269,381</u>
<b>Expenditures</b>				
Current:				
Food service	1,149,042	-	-	1,149,042
Athletics	-	666,453	-	666,453
Book store	-	-	12,253	12,253
<b>Total Expenditures</b>	<u>1,149,042</u>	<u>666,453</u>	<u>12,253</u>	<u>1,827,748</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,060)</u>	<u>(558,746)</u>	<u>1,439</u>	<u>(558,367)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	558,746	-	558,746
Transfers out	(75,000)	-	-	(75,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(75,000)</u>	<u>558,746</u>	<u>-</u>	<u>483,746</u>
<b>Net Change in Fund Balances</b>	<u>(76,060)</u>	<u>-</u>	<u>1,439</u>	<u>(74,621)</u>
<b>Fund Balances, July 1</b>	<u>196,407</u>	<u>-</u>	<u>5,602</u>	<u>202,009</u>
<b>Fund Balances, June 30</b>	<u>\$ 120,347</u>	<u>\$ -</u>	<u>\$ 7,041</u>	<u>\$ 127,388</u>

**GREENVILLE PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>			
Local sources:			
Sales and admissions	\$ 423,200	\$ 368,035	\$ (55,165)
State sources	49,200	69,188	19,988
Federal sources	680,425	710,759	30,334
<b>Total Revenues</b>	<u>1,152,825</u>	<u>1,147,982</u>	<u>(4,843)</u>
<b>Expenditures</b>			
Current:			
Food service	<u>1,063,759</u>	<u>1,149,042</u>	<u>(85,283)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>89,066</u>	<u>(1,060)</u>	<u>(90,126)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	14,066	(76,060)	(90,126)
<b>Fund Balances, July 1</b>	<u>196,407</u>	<u>196,407</u>	<u>-</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 210,473</u></u>	<u><u>\$ 120,347</u></u>	<u><u>\$ (90,126)</u></u>



**GREENVILLE PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>			
Local sources:			
Sales and admissions	<u>\$ 123,000</u>	<u>\$ 107,707</u>	<u>\$ (15,293)</u>
<b>Expenditures</b>			
Current:			
Athletics	<u>700,168</u>	<u>666,453</u>	<u>33,715</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(577,168)</u>	<u>(558,746)</u>	<u>18,422</u>
<b>Other Financing Sources</b>			
Transfers in	<u>576,618</u>	<u>558,746</u>	<u>(17,872)</u>
<b>Net Change in Fund Balances</b>	<u>(550)</u>	<u>-</u>	<u>550</u>
<b>Fund Balances, July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, June 30</b>	<u><u>\$ (550)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 550</u></u>

**GREENVILLE PUBLIC SCHOOLS**  
**Book Store Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>			
Local sources:			
Sales and admissions	<u>\$ 14,000</u>	<u>\$ 13,692</u>	<u>\$ (308)</u>
<b>Expenditures</b>			
Current:			
Book Store	<u>14,900</u>	<u>12,253</u>	<u>2,647</u>
<b>Net Change in Fund Balances</b>	(900)	1,439	2,339
<b>Fund Balances, July 1</b>	<u>5,602</u>	<u>5,602</u>	<u>-</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 4,702</u></u>	<u><u>\$ 7,041</u></u>	<u><u>\$ 2,339</u></u>

## **SPECIAL REVENUE FUNDS**

*Food Service*—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

*Athletics*—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

**GREENVILLE PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash	\$ -	\$ 144
Cash equivalents, deposits and investments	173,350	227,046
Accounts receivable	-	635
Due from other governmental units	8,274	8,936
Inventory	<u>9,122</u>	<u>7,001</u>
<b>Total Assets</b>	<u><u>\$ 190,746</u></u>	<u><u>\$ 243,762</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 54,491	\$ 29,551
Due to other governmental units	877	1,093
Salaries payable	3,600	4,307
Deferred revenue	<u>11,431</u>	<u>12,404</u>
<b>Total Liabilities</b>	<u>70,399</u>	<u>47,355</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>120,347</u>	<u>196,407</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 190,746</u></u>	<u><u>\$ 243,762</u></u>

**GREENVILLE PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ -	\$ 988
Sales and admissions:		
Children's lunches	314,451	294,079
Adult lunches	9,951	12,336
Milk	522	5,103
Ala carte	35,310	81,890
Banquets	5,747	3,526
Donations	-	5,000
Other	2,054	4,914
	<u>368,035</u>	<u>406,848</u>
Total local sources	368,035	407,836
State sources	69,188	69,664
Federal sources	<u>710,759</u>	<u>658,128</u>
<b>Total Revenues</b>	<u>1,147,982</u>	<u>1,135,628</u>
<b>Expenditures</b>		
Current:		
Food service:		
Salaries	317,710	303,544
Employee benefits	161,749	148,806
Purchased services	19,490	17,909
Supplies	565,589	494,755
Capital outlay	73,060	50,720
Miscellaneous	<u>11,444</u>	<u>14,108</u>
<b>Total Expenditures</b>	<u>1,149,042</u>	<u>1,029,842</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,060)</u>	<u>105,786</u>
<b>Other Financing Sources (Uses)</b>		
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>
<b>Net Change in Fund Balances</b>	(76,060)	30,786
<b>Fund Balances, July 1</b>	<u>196,407</u>	<u>165,621</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 120,347</u></u>	<u><u>\$ 196,407</u></u>

**GREENVILLE PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$ 26,612</u>	<u>\$ 7,405</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 24,278	\$ 4,230
Due to other governmental units	391	714
Salaries payable	<u>1,943</u>	<u>2,461</u>
<b>Total Liabilities</b>	<u>26,612</u>	<u>7,405</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 26,612</u>	<u>\$ 7,405</u>

**GREENVILLE PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
Local sources:		
Sales and admissions:		
Gate receipts	\$ 104,917	\$ 111,032
Tournament fees	1,865	2,270
Donations	500	-
Other revenue	425	31
	<u>107,707</u>	<u>113,333</u>
<b>Total Revenues</b>		
	<u>107,707</u>	<u>113,333</u>
<b>Expenditures</b>		
Current:		
Athletics:		
Salaries	400,733	386,049
Employee benefits	116,590	111,786
Purchased services	64,341	67,755
Supplies	51,267	50,683
Capital outlay	10,378	-
Miscellaneous	23,144	16,153
	<u>666,453</u>	<u>632,426</u>
<b>Total Expenditures</b>		
	<u>666,453</u>	<u>632,426</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(558,746)</u>	<u>(519,093)</u>
<b>Other Financing Sources</b>		
Transfers in	<u>558,746</u>	<u>519,190</u>
<b>Net Change in Fund Balances</b>	-	97
<b>Fund Balances, July 1</b>	<u>-</u>	<u>(97)</u>
<b>Fund Balances, June 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**GREENVILLE PUBLIC SCHOOLS**  
**Book Store Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 7,041	\$ 5,585
Accounts receivable	<u>-</u>	<u>17</u>
<b>Total Assets</b>	<u><u>\$ 7,041</u></u>	<u><u>\$ 5,602</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>7,041</u>	<u>5,602</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 7,041</u></u>	<u><u>\$ 5,602</u></u>



**GREENVILLE PUBLIC SCHOOLS**  
**Book Store Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
Local sources:		
Sales and admissions:		
Resale supplies	\$ 13,674	\$ 17,350
Miscellaneous	18	-
	<u>13,692</u>	<u>17,350</u>
<b>Total Revenues</b>		
	<u>13,692</u>	<u>17,350</u>
<b>Expenditures</b>		
Current:		
Book store:		
Purchased services	2,645	3,129
Supplies	9,196	14,889
Miscellaneous	412	555
	<u>12,253</u>	<u>18,573</u>
<b>Total Expenditures</b>		
	<u>12,253</u>	<u>18,573</u>
<b>Net Change in Fund Balances</b>	1,439	(1,223)
<b>Fund Balances, July 1</b>	<u>5,602</u>	<u>6,825</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 7,041</u></u>	<u><u>\$ 5,602</u></u>

## **CAPITAL PROJECTS FUND**

*Building and Site*—to account for property tax revenues and interest earnings used to finance building restoration projects.

**GREENVILLE PUBLIC SCHOOLS**  
**Building and Site Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2008 and 2007**

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	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$ 75,005</u>	<u>\$ 50,540</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other funds	<u>\$ 5</u>	<u>\$ -</u>
<b>Fund Balances</b>		
Reserved for capital outlay	<u>75,000</u>	<u>50,540</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 75,005</u>	<u>\$ 50,540</u>

**GREENVILLE PUBLIC SCHOOLS**  
**Building and Site Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
Interest earnings:		
Interest on deposits and investments	<u>\$ 1,409</u>	<u>\$ 11,861</u>
<b>Expenditures</b>		
Site acquisition:		
Site improvement	-	9,250
Capital outlay:		
Building improvements	<u>51,948</u>	<u>986,456</u>
<b>Total Expenditures</b>	<u>51,948</u>	<u>995,706</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(50,539)</u>	<u>(983,845)</u>
<b>Other Financing Sources</b>		
Transfers in	<u>75,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	24,461	(983,845)
<b>Fund Balances, July 1</b>	<u>50,539</u>	<u>1,034,385</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 75,000</u></u>	<u><u>\$ 50,540</u></u>

## **AGENCY FUND**

*Student Activities*—to account for the collection and disbursements of monies used by the school activity clubs and groups.

**GREENVILLE PUBLIC SCHOOLS**  
**Student Activities Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2008**

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	<u>Balances</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2008</u>
<b>Assets</b>				
Cash equivalents, deposits and investments	<u>\$ 290,898</u>	<u>\$ 719,578</u>	<u>\$ 700,908</u>	<u>\$ 309,568</u>
<b>Liabilities</b>				
Due to student groups	<u>\$ 290,898</u>	<u>\$ 719,578</u>	<u>\$ 700,908</u>	<u>\$ 309,568</u>

## **OTHER INFORMATION**

**GREENVILLE PUBLIC SCHOOLS**  
**Summary of 2007 Taxes Levied and Collected**  
**For the year ended June 30, 2008**

	Ionia County	Kent County		Townships
	Otisco	Oakfield	Spencer	Eureka
<b>Taxable Valuations</b>				
Operating	\$ 598,841	\$ 17,963,555	\$ 16,999,906	\$ 41,886,982
Debt Service	988,889	120,810,315	60,270,547	133,666,091
<b>Rates (Mills)</b>				
General Fund				
Debt Service Fund				
<b>Taxes Levied 2007 Rolls</b>				
General Fund	\$ 10,719	\$ 321,546	\$ 304,296	\$ 749,775
Debt Service Fund	6,922	845,663	421,889	935,655
	17,641	1,167,209	726,185	1,685,430
<b>Taxes Uncollected 2007 Rolls</b>				
General Fund	-	564	-	6,724
Debt Service Fund	-	220	-	2,629
	-	784	-	9,353
<b>Taxes Collected 2007 Rolls</b>				
General Fund	10,719	320,982	304,296	743,051
Debt Service Fund	6,922	845,443	421,889	933,026
	17,641	1,166,425	726,185	1,676,077
<b>Delinquent Taxes Collected</b>				
General Fund	-	-	-	12,329
Debt Service Fund	-	-	-	5,397
	-	-	-	17,726
<b>Total Taxes Collected</b>				
General Fund	10,719	320,982	304,296	755,380
Debt Service Fund	6,922	845,443	421,889	938,423
	\$ 17,641	\$ 1,166,425	\$ 726,185	\$ 1,693,803
<b>Taxes Uncollected – June 30, 2008</b>				
General Fund:				
2007	\$ -	\$ 564	\$ -	\$ 6,724
2006	-	83	-	18,181
2005	-	-	-	4,255
	-	647	-	29,160
Debt Service Fund:				
2007	-	220	-	2,629
2006	-	33	-	6,497
2005	-	-	-	1,790
	-	253	-	10,916
<b>Total Taxes Uncollected</b>	\$ -	\$ 900	\$ -	\$ 40,076



Montcalm County				
Fairplains	Montcalm	Sidney	City of Greenville	Total
\$ 2,882,578	\$ 19,657,821	\$ 328,791	\$140,926,190	\$241,244,664
21,949,237	82,219,445	3,479,058	233,082,513	656,466,095
				17,900
				7,000
				24,900
\$ 51,598	\$ 351,875	\$ 5,885	\$ 2,464,395	\$ 4,260,089
153,643	575,528	24,353	1,631,567	4,595,220
205,241	927,403	30,238	4,095,962	8,855,309
-	11,549	-	54,983	73,820
-	4,516	-	21,502	28,867
-	16,065	-	76,485	102,687
51,598	340,326	5,885	2,409,412	4,186,269
153,643	571,012	24,353	1,610,065	4,566,353
205,241	911,338	30,238	4,019,477	8,752,622
-	-	-	1,350	13,679
-	-	-	528	5,925
-	-	-	1,878	19,604
51,598	340,326	5,885	2,410,762	4,199,948
153,643	571,012	24,353	1,610,593	4,572,278
\$ 205,241	\$ 911,338	\$ 30,238	\$ 4,021,355	\$ 8,772,226
\$ -	\$ 11,549	\$ -	\$ 54,983	\$ 73,820
-	6,679	-	7,353	32,296
-	873	-	767	5,895
-	19,101	-	63,103	112,011
-	4,516	-	21,502	28,867
-	2,597	-	2,860	11,987
82	415	-	345	2,632
82	7,528	-	24,707	43,486
\$ 82	\$ 26,629	\$ -	\$ 87,810	\$ 155,497

# Hungerford, Aldrin, Nichols & Carter, P.C.

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C P A s   A N D   C O N S U L T A N T S

October 17, 2008

The Board of Education  
Greenville Public Schools  
Montcalm County, Michigan

The following comments pertain to our audit of the financial records of Greenville Public Schools as of and for the year ended June 30, 2008. The comments are made in accordance with Statement on Auditing Standards (SAS) No. 114 "The Auditor's Communication with Those Charged with Governance" which requires that in all audits, certain matters are to be communicated with those charged with governance in relation to an audit of financial statements. The communications required by SAS No. 114, if pertinent to the examination, are as follows:

## **The Auditor's Responsibility Under U.S. Generally Accepted Accounting Principles**

As stated in our Engagement Letter dated June 1, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you, or management, of your responsibilities.

## **Auditor's Independence**

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable, independence standards. Our policies address financial interest, business and family relationships, and non-audit services that may be thought to bear on independence. In addition, our policies restrict certain non-audit services that may be provided by our firm staff and require our audit clients to accept certain responsibilities in connection with the provision of permitted non-audit services.

## **An Overview of the Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in the Engagement Letter dated June 1, 2008.

## **Significant Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our Engagement Letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Greenville Public Schools are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### **Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in performing and completing our audit for the year ended June 30, 2008.

### **Disagreements with Management**

We encountered no significant disagreements in dealing with management in performing and completing our audit for the year ended June 30, 2008.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Management Representations**

We have requested certain representations from management that are included in the Management's Representation Letter dated October 17, 2008.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. During the course of our audit the following adjustments of a significant nature were made to the accounting records of the District to bring the balances to those presented in the financial statements. There were no adjustments proposed during the audit not accepted and recorded by District management.

#### **District-wide Financial Statements**

1. \$275,968 to record accrued interest payable at June 30, 2008.
2. \$419,140 to record unamortized bond premium of the 2007 refunding bond issue.
3. \$334,745 to record the 2007-08 interest added to the State School Bond Loan program.
4. \$939,716 to record 2007-08 capital asset purchases.
5. \$1,830,948 to record 2007-08 depreciation expense on capital assets.

#### General Fund

1. \$31,331 to properly allocate property tax collections to District accounts and funds.
2. \$102,687 and \$42,546 to record and write-off 2007 and 2004 property taxes receivable.
3. \$26,538 to record the final 2007-08 transfer to the Athletics Fund.
4. \$102,332 to properly record 2007-08 GACF grants in the General Fund.

#### Debt Service Fund

1. \$130,647 to classify 2007-08 property taxes collected to the proper revenue accounts.
2. \$22,942 and \$20,554 to record and write-off 2007 and 2004 property taxes receivable.

#### **Other Significant, Relevant Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to, and during the process of, the District's audit. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Current auditing standards (SAS No. 112 "Communicating Internal Control Related Matters Identified in an Audit") also require that auditors communicate, in writing, any significant deficiencies and/or material weaknesses in the design or operation of an entity's internal controls discovered during the audit, we found no significant deficiencies or material weaknesses during the audit so no SAS 112 letter is required.

Significant new auditing standards from the American Institute of Certified Public Accountants were required to be implemented during the 2007-08 audit process involving the auditor's review, observation, evaluation and documentation of the District's significant areas of internal controls. Our findings and comments regarding the District's internal control processes and procedures based on these new auditing standards are detailed in Appendix A, attached to this letter.

#### **Other Comments**

The District General Fund balance increased by \$292,400 to \$2,818,501 at June 30, 2008. This balance represents approximately 9% of the District's 2008-09 expenditure budget (up from 8% at June 30, 2007). Maintaining a fund balance of at least 10 to 20 percent of the ensuing year's expenditure budget is advisable for Greenville Public Schools. This gives the District more stable operating funds during the year, helps avoid or reduce the necessity of borrowing for short-term cash flow purposes and acts as a buffer against the uncertainty of state aid revenues accruing to the District. In addition, employee benefit costs are expected to increase significantly in the next few years, which will require the use of fund balance reserves considering the expectation of small (or no) growth in state aid revenues.

Greenville Public Schools  
October 17, 2008  
Page 4

**Closing**

This communication is intended solely for the information and use of the Greenville Public Schools Board of Education and management and is not intended to be, and should not be, used by anyone other than these specified parties. We have furnished a copy of this letter to the Michigan Departments of Education and Treasury as an enclosure with the audited financial statements as required by the State of Michigan.

*Hungerford, Aldrin, Nichols & Austin, P.C.*

Certified Public Accountants

**HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC**  
**Statement on Auditing Standards No. 114 Letter**  
**Appendix A - Comments On Significant Internal Control Areas for**  
**GREENVILLE PUBLIC SCHOOLS**  
**For the Year Ended June 30, 2008**

Listed below are the internal control areas that auditors are now required to review, evaluate and document during the audit process, if those areas are significant to an entity's operations. For each of the areas considered to be "significant" the auditor must answer all of the following questions, inspect supporting documentation and observe client compliance with its prescribed procedures, i.e. "walkthrough" the process as it is being performed.

1. Is the control placed in operation?
2. What audit assertions apply to this control?
3. Is the control a key control?
4. Is the control dependent on IT?
5. Is the control manual or automated?
6. Is the control properly designed?
7. Is the control implemented?
8. Comments/transactions or documentation examined for walkthrough
9. Is a control deficiency possible?

The significant internal control areas of Greenville Public Schools are listed below. Each bullet point describes the "significant" internal controls that apply in each internal control area. The bolded comments represent suggestions for improvements in the District's internal controls, based on our observations during the 2007-08 audit process.

**GENERAL CONTROLS**

- Documentation of the internal control system
- Segregation of duties
- Independent monitoring of accounting functions

**BUDGETS**

- Budget adoptions, amendments for all required funds
  - **The General Fund budget (for both revenues and expenditures) should be closely monitored near year-end to anticipate changes from original expectations and amend function level balances to avoid significant variances between final actual and budgeted results.**
- Budget accounting principles consistent with actual transactions
  - **The Food Service Fund budget should reflect USDA entitlement and bonus commodities used as federal revenues and food expenditures to match actual transactions recorded in the financial statements. This budget should also be monitored at year-end to avoid significant revenue and expenditure differences.**
- Documented authorization for all budget amendments

**CASH**

- Cash collection/receipting procedures
  - **Periodic monitoring of the cash collection/deposit process should be completed by business office personnel in the areas outside of the central office where cash is commonly collected (food service, athletics, student activities, preschool/childcare). Uniform documented procedures should be established to insure the safety of District funds in each of these areas.**

**HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC**  
**Statement on Auditing Standards No. 114 Letter**  
**Appendix A - Comments On Significant Internal Control Areas for**  
**GREENVILLE PUBLIC SCHOOLS**  
**For the Year Ended June 30, 2008**

- Cash storage/deposit procedures
- Bank account security/authorization policies
- Check preparation/signing/security procedures
- Non-check disbursement authorization/control policies and procedures
- Bank reconciliation preparation/monitoring procedures

**INVESTMENTS**

- Investment policy adoption/implementation/monitoring procedures
  - **The District Investment Policy should be reviewed annually by the Chief Financial Officer and the Board of Education (and/or Finance Committee) to respond to the rapid changes occurring in the investment environment, and to insure compliance with current accounting disclosure requirements. Someone in District governance (a Board of Education or Finance Committee member) should be responsible for reviewing District investments on a regular basis to insure that the requirements of the Investment Policy are being followed. This process should include a review of FDIC insurance coverage with each financial institution utilized by the District.**
- Investment purchase approval procedures
- Investment custodial /security policies/procedures
- Investment record keeping/reconciliation procedures
- Investment return policies/procedures/monitoring

**REVENUES AND RECEIVABLES**

- Budgeting and actual-to-budget monitoring procedures
- Property tax collection/monitoring procedures
- State revenue sharing verification/reconciliation procedures
- Billing/collection procedures for fees/charges for services

**EXPENDITURES AND PAYABLES**

- Purchase order initiation/approval/processing procedures
- Invoice processing/approval/payment procedures
- Purchase pricing/cut-off/compliance review procedures
- Budget-to-actual comparison/review procedures

**PAYROLL**

- Hiring/personnel input procedures
- Timekeeping/approval procedures
- Payroll preparation/distribution/general ledger procedures
- Cost allocation procedures/monitoring
- Budget-to-actual comparison/review procedures
- Payroll bank account transaction monitoring/reconciliation

**HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC**  
**Statement on Auditing Standards No. 114 Letter**  
**Appendix A - Comments On Significant Internal Control Areas for**  
**GREENVILLE PUBLIC SCHOOLS**  
**For the Year Ended June 30, 2008**

**CAPITAL ASSETS**

- Acquisition/disposal/capitalization approval/documentation
- Asset custody/security/recordkeeping procedures
- Construction project record keeping/monitoring procedures
- Lapse schedule/depreciation record keeping/monitoring procedures

**DEBT AND DEBT SERVICE**

- Debt issuance and liability transaction approval
- Debt proceeds expenditure/monitoring procedures
- Debt agreement compliance monitoring procedures
- Principal and interest payment/monitoring procedures
- Debt refunding approval/documentation/monitoring

**GRANTS AND SIMILAR PROGRAMS**

- The District has procedures for identifying federal, state and other awards
- The District has accounting procedures for identifying and recording receipts and expenditures of program funds separately and in the appropriate cost category for each award or grant
- The District has a documented time schedule for filing financial reports with Grantors and policies for identifying special requirements of grants
- District funds are accounted for in separate grant control accounts
- The District has established controls to preclude charging federal award Programs with unallowable costs and expenditures
- The District has responsible individuals who monitor matching requirements, levels of effort, and earmarking limitations to insure District compliance with applicable laws and regulations
- Reconciliations of grant financial reports with supporting accounting records Are prepared, reviewed, and approved by a responsible official before filing
- Financial reports and claims for advances and reimbursements agree with the supporting financial records and general ledger
- A responsible official approves requests for advances or reimbursements.
- The District's calculation of required District funds considers updated estimates of allowable program costs
- A responsible member of management reviews costs charged to direct and indirect cost centers in accordance with applicable grant requirements and governmental management circulars pertaining to cost principles
- A responsible member of management uses a set checklist to review and approve the provision of services to ensure that recipients are eligible under specific program requirements
- The District's employee time allocation method is in accordance with the Standards outlined in federal circulars or agency regulations



**HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC**  
**Statement on Auditing Standards No. 114 Letter**  
**Appendix A - Comments On Significant Internal Control Areas for**  
**GREENVILLE PUBLIC SCHOOLS**  
**For the Year Ended June 30, 2008**

**INFORMATIONAL TECHNOLOGY**

- Computer access is limited to specific persons and individuals have access only
  - **The District should consider further strengthening the process of assigning user access rights to ensure that access is being granted based on an employee's job responsibilities. Access should be limited to applications and files that are necessary to perform each individual's daily job duties.**
- Passwords are required to be complex and to be changed at regular intervals
  - **Password security should be reviewed and improved to insure future data security.**
- There are appropriate documented procedures for back-up and storage of Applications and data files
  - **The District should develop a comprehensive back-up and recovery and data retention plan as part of a documented disaster recovery plan.**
- There is a documented disaster recovery plan and it has been tested
  - **A formal disaster recovery plan should be created and updated on an annual basis to ensure the timely recovery of data and the functionality of the District's information technology assets.**
- The district has well defined policies and procedures in place for which address performing patches and upgrades, user access administration, general backup and recovery operations and timelines for performing regular security and configuration settings reviews.
  - **The district should consider taking additional steps to establish a defined set of standard operating procedures and policies and evaluate their effectiveness throughout the year. Doing so will help to establish a stable and secure IT operating environment that consistently produces reliable data and reduces the risk of fraud or the loss of sensitive data.**

**STUDENT ACTIVITY ACCOUNTS**

- **The Student Activity Fund should be used only for "student activities": those funds which are raised by students, and administered by students and their advisors, to be used for the specific benefit for which the funds are raised. Purchases such as athletic supplies and/or equipment and instructional supplies and/or equipment should be purchased from budgeted Athletic or General Fund expenditure accounts. If specific funds are raised or earmarked for these purchases, those funds should be deposited in the Athletics of General Fund as donations from the funding source. All purchases made from Student Activity accounts should be in accordance with District purchase order and expenditure approval policies, and the payment of payroll/employee benefits through the Student Activity Fund should be discouraged. Activities that do not directly involve students should not exist in the Student Activity Fund, but should be recorded in the District fund that the activity benefits. Each Student Activity account should have a documented use for its receipts and remaining balances, to insure the proper custody and disbursement of the funds on an ongoing basis.**

**GREENVILLE PUBLIC SCHOOLS**  
**Ionia, Kent, and Montcalm**  
**Counties, Michigan**

Auditor's Report On Compliance  
For Federal Grant Programs

For the year ended June 30, 2008

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### **GREENVILLE PUBLIC SCHOOLS**

For the year ended June 30, 2008

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Hungerford, Aldrin,  
Nichols & Carter, P.C.  
CPAs AND CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

October 17, 2008

The Board of Education  
Greenville Public Schools  
Montcalm County, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenville Public Schools, as of and for the year ended June 30, 2008, which collectively comprise Greenville Public School's basic financial statements and have issued our report thereon dated October 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Greenville Public School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greenville Public School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greenville Public School's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of an entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

The Board of Education  
Greenville Public Schools  
October 17, 2008

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Greenville Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to the management of Greenville Public Schools in a separate letter dated October 17, 2008.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hungerford, Aldino, Nichols & Austin, P.C.*

Certified Public Accountants

Hungerford, Aldrin,  
Nichols & Carter, P.C.  
CPAs AND CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

October 17, 2008

The Board of Education  
Greenville Public Schools  
Montcalm County, Michigan

**Compliance**

We have audited the compliance of Greenville Public Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Greenville Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Greenville Public School's management. Our responsibility is to express an opinion on Greenville Public School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greenville Public School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Greenville Public School's compliance with those requirements.

In our opinion, Greenville Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

**Internal Control Over Compliance**

The management of Greenville Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Greenville Public School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greenville Public School's control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

**Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenville Public Schools, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 17, 2008. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise Greenville Public School's, basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hungerford, Aldrin, Nichols & Carter, P.C.*

Certified Public Accountants

# ***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

## **GREENVILLE PUBLIC SCHOOLS**

For the year ended June 30, 2008

<b>Federal Grantor Pass Through Grantor Program Title Grant Number</b>	<b>Federal CFDA Number</b>	<b>Approved Grant Award Amount</b>
<b>U.S. Department of Education</b>		
Passed through Michigan Department of Education (MDE):		
Title I:	84.010	
071530 0607		\$ 514,416
081530 0708		539,597
Total Title I		1,054,013
Title IIA:	84.367	
070520 0607		190,965
080520 0708		190,527
Total Title IIA		381,492
Title IID:	84.318	
084290 0708		4,960
Total Passed Through MDE		1,440,465
Passed through Traverse Bay Area Intermediate Schools District:		
Title IID, Part D, Category II:	84.318	
0708 Career Forward Program		1,000
Passed through Kent Intermediate School District (KISD):		
Safe and Drug Free Schools and Communities Act:	84.186A	
072860 0607		4,102
082860 0708		11,235
Total Passed Through KISD		15,337
Passed through Macomb Intermediate Schools District (MISD):		
Michigan Integrated Behavior and Learning Support Initiative:	84.027A	
0607 Program		12,000
0708 Program		22,152
Total Passed Through MISD		34,152
<b>Total U.S. Department of Education</b>		<b>1,490,954</b>

*See Notes to Schedule of Expenditures of Federal Awards*



<b>Accrued (Deferred) Revenue At July 1, 2007</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue At June 30, 2008</b>
\$ 97,180	\$ 509,079	\$ —	\$ 97,180	\$ —
—	—	536,618	454,646	81,972
97,180	509,079	536,618	551,826	81,972
41,333	189,684	481	41,814	—
—	—	155,380	133,130	22,250
41,333	189,684	155,861	174,944	22,250
—	—	4,960	4,960	—
138,513	698,763	697,439	731,730	104,222
—	—	1,000	1,000	—
—	—	4,102	4,102	—
—	—	6,195	6,195	—
—	—	10,297	10,297	—
(3,080)	8,920	3,080	—	—
—	—	15,597	22,152	(6,555)
(3,080)	8,920	18,677	22,152	(6,555)
135,433	707,683	727,413	765,179	97,667

***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)*****GREENVILLE PUBLIC SCHOOLS**

For the year ended June 30, 2008

<b>Federal Grantor Pass Through Grantor Program Title Grant Number</b>	<b>Federal CFDA Number</b>	<b>Approved Grant Award Amount</b>
<b>U.S. Department of Agriculture</b>		
Passed through Michigan Department of Education: (MDE): Nutrition Cluster:		
Lunches:	10.555	
Section 4 – Total Servings – 1950		\$ 32,174
Section 11 – Free and Reduced – 1960		466,750
Total Lunches		498,924
Breakfast:	10.533	
Total Servings – 1970		2,451
Free and Reduced – 1970		116,786
Total Breakfast		119,237
Summer Food Service Program:	10.559	
Servings – 070900, 071900 0708		15,173
Total Nutrition Cluster		633,334
Child Care Program:	10.558	
Servings – 081920,082010		3,907
U.S.D.A. Commodities:	10.550	
Bonus Commodities		218
Entitlement Commodities		77,207
Total U.S.D.A. Commodities		77,425
<b>Total U.S. Department of Agriculture (Passed Through MDE)</b>		714,666
<b>Total Federal Financial Assistance</b>		<b>\$ 2,205,620</b>

*See Notes to Schedule of Expenditures of Federal Awards*

Accrued (Deferred) Revenue At July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2008
\$ —	\$ —	\$ 32,174	\$ 32,174	\$ —
—	—	466,750	466,750	—
—	—	498,924	498,924	—
—	—	2,451	2,451	—
—	—	116,786	116,786	—
—	—	119,237	119,237	—
—	—	15,173	15,173	—
—	—	633,334	633,334	—
—	—	3,907	3,907	—
—	—	218	218	—
—	—	77,207	77,207	—
—	—	77,425	77,425	—
—	—	714,666	714,666	—
\$ 135,433	\$ 707,683	\$ 1,442,079	\$ 1,479,845	\$ 97,667

## ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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### **GREENVILLE PUBLIC SCHOOLS**

For the year ended June 30, 2008

#### **Section I - Summary of Auditor's Results**

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##### ***Financial Statements***

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                      \_\_\_\_\_ Yes                        X   No
- Significant deficiencies identified that are not  
considered to be material weaknesses?                      \_\_\_\_\_ Yes                        X   None reported
- Noncompliance material to financial statements noted?                      \_\_\_\_\_ Yes                        X   No

##### ***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified:                      \_\_\_\_\_ Yes                        X   No
- Significant deficiencies identified that are not  
considered to be material weakness(es)?                      \_\_\_\_\_ Yes                        X   None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

\_\_\_\_\_ Yes                        X   No

Identification of major programs audited:

84.010 Title I

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

  X   Yes                      \_\_\_\_\_ No

## ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)***

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### **GREENVILLE PUBLIC SCHOOLS**

For the year ended June 30, 2008

#### **Section II - Financial Statement Findings**

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There were no findings which are required to be reported under *Government Auditing Standards*.

#### **Section III - Federal Award Findings and Questioned Costs**

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There were no findings or questioned costs.

## ***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

### **GREENVILLE PUBLIC SCHOOLS**

For the year ended June 30, 2008

**Note A** - This Schedule of Expenditures of Federal Awards (SEFA) was prepared using accounting policies consistent with those used in preparing the Basic Financial Statements.

**Note B** - The amounts reported on the R7120 and CMS, Grant Section Auditors Report, reconcile with the SEFA.

**Note C** - The amounts reported on the Recipient Entitlement Sheet, or PAL Report, agree with the SEFA for USDA donated food commodities

### **Note D - Federal Income Reconciliation**

	<b>Grant Expenditures Schedule of Federal Financial Assistance</b>	<b>Federal Revenue Per Financial Statements</b>	<b>Difference</b>
Title I	\$ 536,618	\$ 536,618	\$ —
Title IIA	155,861	155,861	—
Title IID	5,960	5,960	—
MiBLSI	18,677	18,677	—
Safe and Drug Free Schools and Communities Act	10,297	10,297	—
Nutrition Cluster	633,334	633,334	—
Child Care Program	3,907	3,907	—
U.S.D.A. Commodities	77,425	77,425	—
	<b>\$ 1,442,079</b>	<b>\$ 1,442,079</b>	<b>\$ —</b>